

BELLSOUTH

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December 8, 1997

Ms. Magalie Roman Salas
Secretary
Federal Communications Commission
Washington, DC 20554

RECEIVED

DEC 8 - 1997

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Re: Ex Parte in CC Docket 97-208

Dear Ms. Salas:

This is to inform you that on December 8, 1997, F. Duane Ackerman, Kathleen Levitz, and the undersigned, all of BellSouth, met with Richard Metzger, Ruth Milkman, and Blaise Scinto, all of the Commission.

The purpose of the meeting was to discuss BellSouth's Section 271 petition for South Carolina and why its approval by the Commission would prompt competitive local exchange carriers to provide local telephone service to residential customers.

Pursuant to Section 1.1206(a)(2) of the Commission's rules, two copies of this notice are being filed with the FCC. Please associate this notification with the above-referenced proceeding.

Sincerely,



cc: Richard Metzger
Ruth Milkman
Blaise Scinto

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Resale Versus Rebundling

The chart below represents a comparison of discounts on residential and business service that would be available to CLECs from two perspectives:

- (1) A pure resale option, using the state-approved resale discount
- (2) A rebundling option in which the CLEC purchases the required Unbundled Network Elements, such as loop, port, etc., for combination into a retail service. This option does not include the price of a "glue charge" that BellSouth might charge to do the actual rebundling for a CLEC.

The conclusion is that rebundling is not the solution to residential competition and any glue charge that might be constructed only exacerbates the problem. By contrast, when the same analysis is applied to business customers, unbundling always produces a significantly greater discount. For instance, in South Carolina, the effective discount for resold business service is 13.1%, while the unbundling discount is 58.7%. Furthermore, in the business environment we already have a substantial amount of facilities based competition without this discount. For residence, the comparable numbers are 12.5% resale discount and 6.6% unbundling discount.

EFFECTIVE AVERAGE LOCAL DISCOUNT						
STATE	RESIDENTIAL			BUSINESS		
	RESALE	UNBUNDLED		RESALE	UNBUNDLED	
AL	14.4%	19.6%	\$6.04	14.9%	62.8%	\$41.68
FL	17.7%	-0.7%	(\$0.20)	14.3%	45.9%	\$26.20
GA	17.2%	31.3%	\$10.26	15.2%	67.9%	\$46.81
KY	14.0%	1.2%	\$0.33	13.7%	60.6%	\$42.82
LA	17.8%	-6.2%	(\$2.03)	18.0%	43.3%	\$26.11
MS	13.7%	-6.0%	(\$2.07)	14.0%	55.3%	\$41.28
NC	17.8%	11.8%	\$3.73	15.2%	58.5%	\$38.61
SC	12.5%	6.6%	\$2.05	13.1%	58.7%	\$43.76
TN	13.2%	13.7%	\$3.95	14.0%	58.9%	\$40.55

Includes:

Loop, port, usage
Vertical services
Access
SLC

Excludes:

CLEC costs of any kind
"glue" charge for rebundling
toll revenue
USF support